(17)

No. 04-607

Supreme Court, U.S.
FILED
DEC 23 2005
OFFICE OF THE CLERK

IN THE

Supreme Court of the United States

LABORATORY CORPORATION OF AMERICA HOLDINGS, dba LabCorp,

Petitioner,

v.

METABOLITE LABORATORIES, INC., *et al.*,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF *AMICUS CURIAE* AMERICAN EXPRESS COMPANY IN SUPPORT OF NEITHER PARTY

RAYMOND MILLIEN
AMERICAN EXPRESS
200 Vesey Street
New York, NY 10285
(212) 640-1219

ABBE DAVID LOWELL
Counsel of Record
JOSEPH A. CALVARUSO
WALTER G. HANCHUK
RICHARD MARTINELLI
CHADBOURNE & PARKE LLP
30 Rockefeller Plaza
NEW YORK, NY 10112
(212) 408-5100

Counsel for Amicus Curiae

198578

COUNSEL PRESS
(800) 274-3321 • (800) 359-6859

TABLE OF CONTENTS

	Page
TABLE OF CITED AUTHORITIES	ii
INTEREST OF *AMICUS CURIAE*	1
SUMMARY OF ARGUMENT	3
ARGUMENT	4
CONCLUSION	9

TABLE OF CITED AUTHORITIES

Page

CASES

AT&T Corp. v. Excel Commc'ns, Inc.,
172 F.3d 1352 (Fed. Cir. 1999),
cert. denied, 528 U.S. 946 (1999) 2

In re Alappat,
33 F.3d 1526 (Fed. Cir. 1994)(en banc) 6

Diamond v. Chakrabarty,
447 U.S. 303 (1980) 4, 5

Diamond v. Diehr,
450 U.S. 175 (1981) 2, 4, 7

Dolbear v. American Bell Tel. Co.,
126 U.S. 1 (1888) 6, 7

Funk Bros. Seed Co. v. Kalo Inoculant Co.,
333 U.S. 127 (1948) 5

Laboratory Corp. v. Metabolite Labs., Inc.,
125 S. Ct. 1413 (Feb. 28, 2005) 4

Le Roy v. Tatham,
55 U.S. 156 (1852) 4, 5, 6

Cited Authorities

Page

Pfaff v. Wells Elecs., Inc.,
525 U.S. 55 (1998) 2

State Street Bank & Trust Co. v. Signature Fin. Group, Inc.,
149 F.3d 1368 (Fed. Cir. 1998),
cert. denied, 525 U.S. 1093 (1999) 2

STATUTES

35 U.S.C. § 101 .....2, 3, 4, 9

35 U.S.C. § 102 7

35 U.S.C. § 103 7

35 U.S.C. § 112 7

INTEREST OF *AMICUS CURIAE*[1]

American Express Company ("AmEx"), founded in 1850, is a leading global payments, network and travel company. AmEx offers a broad range of products including charge and credit cards; stored value products such as Travelers Cheques, Travelers Cheque funds cards and gift cards; travel agency services and travel, entertainment and purchasing expense management services; network services and merchant acquisition and merchant processing for network partners and proprietary payments businesses. AmEx's various products are sold globally to diverse customer groups, including consumers, small businesses, mid-market companies, large corporations and banking institutions. These products are sold through various channels including direct mail, on-line applications, targeted sales-forces and direct response advertising.

AmEx holds many patents and, in recent years, has filed hundreds of patent applications with the United States Patent and Trademark Office (USPTO). Many of these patents and patent applications are classified by the USPTO as being in Class 705 "Data Processing: Financial, Business Practice, Management, Or Cost/Price Determination," which includes, *inter alia*, what many refer to as "Business Method Patents." Over the years, AmEx has made substantial investments to protect its intellectual property via the patent system. AmEx's substantial investment benefits both itself and the public.

---

1. Pursuant to Supreme Court Rule 37.6, *amicus* states that no counsel for a party authored this brief in whole or in part and no person or entity, other than *amicus*, or its counsel made a monetary contribution to the preparation or submission of this brief. Letters from all parties consenting to the filing of this brief are being submitted herewith.

See Pfaff v. Wells Elecs., Inc., 525 U.S. 55, 63, (1998) ("[T]he patent system represents a carefully crafted bargain that encourages both the creation and the public disclosure of new and useful advances in technology, in return for an exclusive monopoly for a limited period of time.").

This Court last addressed the scope of patentable subject matter under 35 U.S.C. § 101 in *Diamond v. Diehr*, 450 U.S. 175 (1981). In the 24 years since that decision, technology has advanced at a frenetic pace. U.S. patent law has similarly evolved to embrace these advances. As is often the case, however, progress begets controversy. For example, the Federal Circuit's decisions in *State Street Bank & Trust Co. v. Signature Fin. Group, Inc.*, 149 F.3d 1368, 1375 (Fed. Cir. 1998), *cert. denied*, 525 U.S. 1093 (1999) (taking the "opportunity to lay this ill-conceived [business method] exception to rest"), and *AT&T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352, 1356 (Fed. Cir. 1999), *cert. denied*, 528 U.S. 946 (1999) (holding that "the judicially-defined proscription against patenting of a 'mathematical algorithm,' to the extent such a proscription still exists, is narrowly limited to mathematical algorithms in the abstract"), have engendered spirited debate over the scope of § 101 in the popular press, the business community (especially the financial services industry), Congress, the USPTO and members of the Patent Bar, as well as the legal community at large.

In advocating a challenge to the breadth of patentable subject matter provided by this precedent, some commentators have suggested, and *amici curiae* may assert, that the present case provides a vehicle to address the full scope of patentability provided by the current law, including

the patentability of so-called "Business Method Patents."[2] The present case, however, is unrelated to so-called "Business Method Patents" and ultimately turns on the scope of the law of nature and natural phenomena exceptions to patentability under § 101. AmEx takes no position as to who should prevail in the current action, nor does it take a position on the ultimate limits of the law of nature and natural phenomena exceptions. AmEx's only interest is in ensuring that the Court appreciates that the facts and issues presented in this case do not implicate the broader aspects of § 101, nor do they provide an appropriate basis for articulating rules that would implicate the patentability of claims that are not directed to a law of nature or natural phenomena, such as so-called "Business Method Patents."

SUMMARY OF ARGUMENT

The only issue raised by the present case is whether Claim 13 of LabCorp's patent impermissibly claims a law of nature or natural phenomena. This case is not relevant to any other exception to the broad scope of patentable subject matter available under § 101. The law of nature and natural phenomena exceptions have often been discussed collectively with a different exception to § 101 that prevents the patenting of abstract ideas. Close review of the case law, however, demonstrates that the law of nature and natural phenomena exceptions are, in fact, distinct from the abstract ideas exception. The law of nature and natural phenomena exceptions serve policy considerations unrelated to the policy

2. The temptation to expand the issues presented in the current case is probably exacerbated somewhat because the Federal Circuit did not address the § 101 issue below and, therefore, did not provide an opinion that in any way framed the issue of the proper scope of § 101.

considerations served by the abstract ideas exception. While AmEx does not express an opinion as to the appropriate outcome of this case, it strongly believes that the *only* issue before the Court is whether LabCorp's Claim 13 improperly preempts a law of nature or natural phenomena.

ARGUMENT

By its express language, § 101 of the patent law provides a broad definition of patentable subject matter. *Diamond v. Chakrabarty*, 447 U.S. 303, 308 (1980) ("Congress plainly contemplated that the patent laws would be given wide scope."). The statute provides that a patent may be granted for "*any* . . . process, machine, manufacture, or composition of matter. . . ." 35 U.S.C. § 101 (*emphasis added*). The scope of § 101, however, is not unbounded. Supreme Court precedent dictates the outside limits of patentability. As articulated most recently by this Court in *Diehr*, "[e]xcluded from . . . patent protection are laws of nature, natural phenomena, and abstract ideas." 450 U.S. at 185. Indeed, the Court specifically identified this standard in requesting the Acting Solicitor General's view regarding LabCorp's *certiorari* petition. *Laboratory Corp. v. Metabolite Labs., Inc.*, 125 S. Ct. 1413, 1414 (Feb. 28, 2005).

In practice, the *Diehr* standard articulates two distinct and separate limits on patentability under § 101, one to laws of nature and natural phenomena, and the other to abstract ideas.[3]

3. Although *Diehr* lists laws of nature and natural phenomena as two separate exclusions, the Court has used these terms interchangeably. In *Le Roy v. Tatham*, 55 U.S. 156, 175 (1852), the Court stated that a "power in nature" cannot be patented. Almost a (Cont'd)

The law of nature and natural phenomena exceptions are premised on the idea that such discoveries are "manifestations of . . . nature, free to all men and reserved exclusively to none." *Funk Bros. Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127, 130 (1948). Accordingly, otherwise patentable claims will fail if they preempt all practical application of a law of nature or natural phenomena. In *Funk Bros.*, for example, the patentee discovered and claimed a plant incoculant containing a combination of naturally occurring bacteria in which the various strains of bacteria functioned without inhibiting each other. *Id.* at 128. This Court held that the patentee's "invention" was no more than a claim to the discovery that certain bacteria strains possess natural qualities of non-inhibition. *Id.* at 131.

The law of nature and natural phenomena exceptions serve the important public policy of keeping the basic foundations of scientific research and its technical application available for others to use and build upon. *Le Roy v. Tatham*, 55 U.S. 156, 175 (1852). "Thus, a new mineral discovered in the earth or a new plant found in the wild is not patentable subject matter. Likewise, Einstein could not patent his celebrated law that $E=mc^2$; nor could Newton have patented the law of gravity." *Diamond v. Chakrabarty*, 447 U.S. at 309.

(Cont'd)

century later, the Court introduced the term "phenomena of nature" when it cited *Le Roy* for the principle that "patents cannot issue for the discovery of the phenomena of nature." *Funk Bros. Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127, 130 (1948). Subsequently, the phrases "laws of nature" and "natural phenomena" were recited independently when framing the exception, without any apparent distinction in their scope.

In contrast to the law of nature and natural phenomena exceptions, the abstract ideas exception excludes inventions that are claimed in a way that is not bounded by practical application. In performing this analysis, like most all patent analyses, the scope and content of the claim is the key. Claims to abstract ideas constitute disembodied concepts, which alone are not "useful" from a practical stand point, *i.e.*, they are not "useful" until reduced to a practical application. *In re Alappat*, 33 F.3d 1526, 1543 (Fed. Cir. 1994) (en banc). For example, in *Le Roy* this Court held, "[a] principle, in the abstract, is a fundamental truth; an original cause; a motive; these cannot be patented, as no one can claim in either of them an exclusive right. . . ." *Le Roy*, 55 U.S. at 175.

The different issues underlying the law of nature and natural phenomena exceptions and the abstract ideas exception dictate different analyses and policy concerns. The rationale behind the law of nature and natural phenomena exceptions is that otherwise patentable subject matter should be excluded from patentability if it preempts *all* use of a law of nature or natural phenomena. The test for patentability under this restriction, therefore, focuses on defining the natural law at issue and the consequences and extent of any preemption caused by the subject claims.

In contrast, a preemption analysis is not helpful in analyzing the abstract ideas exception because almost every invention can be boiled down to an idea. The key is whether the claim recites a useful and practical application of the idea. For example, in *Dolbear v. American Bell Tel. Co.*, 126 U.S. 1, 535 (1888), this Court responded to a challenge to Alexander Graham Bell's claim for a "method of and apparatus for transmitting vocal or other sounds

telegraphically, as herein described, by causing electrical undulations . . ." and held:

> It may be that electricity cannot be used at all for the transmission of speech, except in the way Bell has discovered, and that therefore, practically, his patent gives him its exclusive use for that purpose; but that does not make his claim one for the use of electricity distinct from the particular process with which it is connected in his patent. *It will, if true, show more clearly the great importance of his discovery, but it will not invalidate his patent.*

(*emphasis added*). *Dolbear* recognizes that an inventor should not be punished for fully comprehending and explaining the broad applicability of his invention. Of course, a claim's breadth is always subject to the strictures of 35 U.S.C. §§ 102, 103 and 112.[4] In practice, applying a preemption test to abstract ideas would also burden the patentee with the inequitable task of proving that there are uses of the patentee's ideas *not* preempted by the patent. Aside from the difficulty of proving a negative, the test would essentially obligate the patentee to invent, but not claim, those additional uses to overcome a challenge to the patent. The impracticality of such a test is also demonstrated by the fact that additional uses of an abstract idea will most likely develop over time due to advances in other aspects and areas of technology. Accordingly, an abstract idea preemption analysis would vary depending on the state of the art at the time the analysis is made.

---

4. *See Diehr*, 450 U.S. at 191 (a later determination finding a lack of novelty under § 102 or obviousness under § 103 does not affect the determination of eligibility for patent protection under § 101).

Turning to the present facts before the Court, Claim 13 of LabCorp's patent reads:

> A method for detecting a deficiency of cobalamin or folate in warm-blooded animals comprising the steps of:
>
> assaying a body fluid for an elevated level of total homocysteine; and
>
> correlating an elevated level of total homocysteine in said body fluid with a deficiency of cobalamin or folate.

The claim is certainly not an abstract idea because it is directed to a useful and practical end, *i.e.*, diagnosing vitamin deficiencies that could lead to serious medical conditions in a patient. The claim may raise an issue regarding its preemption of a law of nature or natural phenomena. For example, the law of nature or natural phenomena at issue in Claim 13 could be stated as either: (1) the relationship between elevated total homocysteine and a cobalamin or folate deficiency; or, (2) that cobalamin and folate are required to metabolize homocysteine. AmEx, however, offers no opinion as to whether Claim 13 impermissibly claims a law of nature or natural phenomena.

CONCLUSION

While AmEx offers no opinion as to the outcome of the current patentability analysis, AmEx does believe that this case only implicates the law of nature and natural phenomena exceptions to § 101. Moreover, while the abstract ideas exception may be more broadly applicable to all types of claims, it is founded on distinct bases and rationales irrelevant to the law of nature and natural phenomena exceptions currently before the Court. The bottom line is that the record in the present case is devoid of any facts or issues that would implicate the full scope of patentability under § 101, including claims not directed to a law of nature or natural phenomena, such as so-called "Business Method Patents."

Respectfully submitted,

ABBE DAVID LOWELL
Counsel of Record
JOSEPH A. CALVARUSO
WALTER G. HANCHUK
RICHARD MARTINELLI
CHADBOURNE & PARKE LLP
30 Rockefeller Plaza
NEW YORK, NY 10112
(212) 408-5100

RAYMOND MILLIEN
AMERICAN EXPRESS
200 Vesey Street
New York, NY 10285
(212) 640-1219

Counsel for Amicus Curiae